



IAA Newsletter – December 2003

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Officers for 2004

Luis Huerta, President
Alf Guldberg, President-Elect

Yves Guérard, Secretary General
W. James MacGinnitie, Immediate Past President

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ASSOCIATION AND SECTION DUES INVOICES FOR 2004 HAVE BEEN SENT

The Council set the IAA Full Member association dues to \$7.50 CAD per fully qualified actuary (FQA) for the year 2004. Please note that this is the last of the three-year \$0.50 CAD increases approved by Council in October 2001. In order to provide member associations with advance information for internal budgeting purposes, the IAA plans to announce in June 2004 its proposed increase for 2005.

The collection of dues for Section membership (ASTIN, AFIR, IACA, IAAHS and PBSS) will begin shortly through your national member association. All section dues are \$40 CAD per individual. There is no special fee reduction for multiple memberships.

With respect to Donation Members (formerly Donation B members) the annual dues were increased from \$50 CAD to \$250 CAD, as was approved by Council on May 17, 2003.

As the Individual Member category is under review by the Committee on Services to Individual Members, dues are not being solicited at this time for 2004. A communication will be sent to all those concerned once decisions have been made.

WHAT HAPPENED AT THE COUNCIL MEETING ON NOVEMBER 25, 2003 IN BERLIN

Outgoing President W. James MacGinnitie Reports on Activities in 2003

It is with great pleasure that I report to you on a very successful year for the IAA. We have achieved record participation in several of our activities, in our membership, and in our influence in key areas. Yet there remain many opportunities and challenges for the future.

Our sections are healthy and active. ASTIN held its largest ever symposium here in Berlin in August, with many excellent speakers and papers. I was able to attend that symposium, but unable to attend an equally successful AFIR symposium in Maastricht the following month. The new Health section is actively recruiting new members, and, later this morning, we are asked to approve our newest sections, Pensions and Social Security, and Actuaries Without Frontiers. All sections are planning colloquia next year, which I am sure will be very successful.

During the year, planning for our 2006 Congress in Paris continued, and we decided to hold future Congresses in Cape Town in 2010, and in Washington in 2014. Already there have been informal discussions about where to meet in 2018!

The work of our committees has been extensive. Our Insurance Regulation committee continues to build our relationship with the International Association of Insurance Supervisors, and I was privileged to represent the IAA at the October Conference of that body, in Singapore, to talk about the role of the actuary in prudential supervision, and also to preview the excellent report generated by our working party on Insurer Solvency Assessment.

From Singapore, I traveled to Manila, where the work of two other committees was evident. Representatives of the Supranational Relations Committee met with the Asia Development Bank, to begin what we expect will be a long and mutually beneficial relationship. Later that week, the IAA Fund, and the Advice and Assistance Committee, hosted the third seminar of the year for leaders of actuarial associations in developing and emerging economies. The earlier two were in Lagos and Casablanca, which I had been unable to attend.

You will recall that when we last met in Sydney, the Financial Risks Committee had just completed a successful seminar on Risk Measurement and Modelling in Banks and Insurance Companies, an important part of our effort to extend the role and influence of the actuarial profession. Plans are underway to hold similar seminars in London and Washington.

The challenge of helping the accounting profession craft useful international accounting standards continues, but our committees have worked extremely hard at this task, and there are now hopeful signs that they are having success in this most important area. Next year will be very important, and we will have to work hard to respond in a timely and effective manner to the challenge. In particular, we will need to achieve an 80% majority vote to adopt standards of practice for actuaries who are working under the international accounting standards, and that will require diligence and responsiveness on the part of all member associations.

My travels also took me to a meeting that the IAA, thru our Supranational Relations Committee, co-hosted with the World Bank Conference dealing with Regulatory and Supervisory Issues in Private Pensions and Life Insurance.

Our other committees also had successful years, as evidenced in the reports already distributed and that you will hear later this morning.

While in Manila, I was able to address the East Asian Actuarial Conference, explaining the role and the structure of the IAA, and to join the Philippine Actuarial Society in celebration of its 50th Anniversary. Last week here in Berlin, I joined the Germans in their centennial celebration. In other travels, I attended meetings of the Mexican, South African, and Canadian associations, as well as the Faculty and the Institute in Great Britain, and, of course, the associations headquartered in the United States.

Our Secretary General was able to represent us at in two very important countries, China and India, both of which are have rapidly growing actuarial professions. Indeed, you have earlier heard me express concern about the need to facilitate the participation of non-native English speakers in our deliberations. In that regard, our Committee on Services to Individual Members has received a paper containing many useful suggestions. But I can also report that after my visit to the East Asian Conference, and the reports of our Secretary General from India and China, it appears that my fears of Anglo dominance will be unrealized because the active participation of our colleagues from Asia will make that impossible.

Throughout my travels, I found a ready welcome, and great interest in learning more about the activities of the IAA. But it is clear that communicating the purpose and the activities of the IAA will continue to be a challenge, in part because of our worldwide reliance on volunteer leadership, which is rotated every year or two.

I mentioned opportunities and challenges at the beginning of this report. Our Strategic Planning Task Force has been meeting here in Berlin, and has identified several issues. These include the role, image and influence of the actuarial profession, the need to renew, extend and share our intellectual capital, and the need for more resources, both financial and the time of our volunteers. The task force will be working in the coming weeks to create a document summarizing our work for distribution to member associations and committee chairs early in the new year, with the aim of a thorough discussion at the June meetings in Stockholm.

Our activities and accomplishments during the year were greatly facilitated by our Secretary General, our Executive Director, and the capable staff in Ottawa. The work of our committees, their hardworking chairs, and the volunteer members makes all of this possible. Several times during the year I have observed amazement on the part of non-actuaries about how much we are able to accomplish with our volunteer resources.

As I have traveled about the world this year, I have observed the great vitality and accomplishments of the actuarial profession. It has made me grateful that I was able to become a member of the profession, grateful to the IAA for allowing me to serve, and proud of what we have accomplished.

Incoming President Luis Huerta Addresses the Council

Dear Colleagues,
Ladies and Gentlemen,

I wanted to start this brief speech very cool, as if nothing special was happening, but that would not have been quite honest. I have to admit that I am extremely happy by what is happening today, and at the same time, I am quite excited. So, with these mixed emotions, I take on this responsibility, being conscious that it is an extremely important one.

I want to thank the Nominations Committee for having thought I could fill this position during the coming year. Of course, I also want to thank this Council for giving me the possibility to serve you as your President.

When I look at the names of my predecessors, I feel extremely proud of being here. When I look at the IAA's achievements, I feel very strong. When I look at the teams of officers (Jim, Alf, Yves, Nicole) I feel a tremendous support. And with this pride, strength and support, I look forward to the future challenges and feel extremely motivated to face them.

Today, our profession and our IAA are in the middle of a continuously changing world. It is clear that we cannot see ourselves acting and thinking as we did in the past. The 21st century society is much more demanding and competitive. In many senses, we must redefine ourselves without abandoning our essence. We must build on our strengths and at the same time must overcome our weaknesses.

We have to make sure that our profession will play a significant role in a modern complex society; that with our tools, skills and talents we will contribute to solve the emerging problems of today and to-morrow. Genetics, aging, financial and economic changes, catastrophes, solvency, health trends, are only a few of the challenges we must face.

I am sure the IAA is the right body to help the global profession, the member associations and the more than 35,000 actuaries worldwide to face these challenges globally, and to provide the right solutions to them.

I have been fortunate enough to participate in the Strategic Planning Task Force. Key issues have been discussed there. By dealing efficiently with them, I am sure that we will fortify our profession and our IAA.

Please have trust in my total commitment to make those plans become reality. I will devote all my time and efforts to work with all of you to see this happen.

Once again, thank you all for this invaluable opportunity.
Thank you for letting me be part of history.
Thank you for your friendship and trust.

God bless you all.

Secretary General Yves Guérard Reports on Financial and Administrative Issues

Update on the finances, the Secretariat and the web site.

Our projections for the year-end 2003 indicate a deficit higher than anticipated. We had budgeted for a transfer of CAD\$ 40 000 from the internally restricted fund to cover the budgeted deficit of \$ 39 581. We are now looking at a deficit of the order of \$ 65 000.

The main differences area

- more expensive statutory meetings because of more participants, more meeting rooms and more teleconferencing
- higher expenses for committee work and representations reflecting the higher level of activity
- higher cost for Internet services reflecting usage and improvement in security

The rise in the value of the CAD\$ by comparison with other currencies is not very helpful for the IAA budget since only about 15% of our expenses are not in \$CAD. We will mitigate an accounting exchange loss on US\$40 000 by using these US\$ to finance the Washington meeting; next year. If we are to continue at the present level of activity, particularly committee work and outreach initiatives to increase the visibility of the profession at the supranational level, we will need an increase in the amount of the fee in \$CAD which for many associations will be compounded by the rise in the value of the \$CAD.

The required increase could be mitigated if we succeed in attracting more contributions from the new categories of membership created in Sydney: Observers and Benefactors. Material has been developed to solicit new membership and was reviewed in Berlin by the relevant committees. A few initiatives are already under way but the degree of success will also depend on the support from local associations and individual actuaries in identifying targets and persuading them to join. Another category is the former Donation members: we had 89 in 1998 only 30 have paid the contribution in 2003. This contribution was minimal, we have increased it for 2004 and subsequent years but unless a personal contact is made to upgrade them to the Benefactor category or to renew the membership at a higher fee level, it will continue to shrink.

In Sydney we had decided to invest part of our surplus in equity to diversify our portfolio in accordance with the Investment Guidelines adopted in October 2002. The last Belgian Bonds mature November 2004 and this will increase by about CAD\$ 117 000 the available surplus cash that can be reinvested. In the meantime, after reviewing the options, we opted for a direct investment in units of the SP/TSE 60 Index which are traded on the Toronto Stock Exchange and are very liquid. Their Management Expense Ratio (MER) is only 17 basis points. We purchased 2400 XIU units at 43.730 on July 25th for a total of \$97,704. At the end of October their value had risen to \$104,952. If I am not mistaken, this is an annualized return of 33%!

We are also protecting our assets the best we can. We are told we were lucky to have secured last year an insurance policy to provide some responsibility coverage. Even though we are not fully satisfied with the policy conditions, it seems to be the best available coverage. The premium is reasonable at \$2500 for the year. A key limitation is that it covers only activities in Canada. We will investigate the possibility of obtaining ad hoc temporary coverage for our statutory meetings. Suggestions are welcome.

Our administrative arrangements with the CIA remain very satisfactory and economical. I wish also to report that the administrative charges have been modestly adjusted this year to reflect usage and better IT support. At the audit committee we also discussed a basis for assessing fairly an expense charge to the sections for the services provided by the Secretariat.

Web site

You have noted that the hyperlink to Cancun 2002 has been replaced by a hyperlink to Paris 2006. But the material assembled for Cancun is not lost: 1530 files totaling 190 MB are accessible from the IAA website

We are continuously striving to improve the website, the Internet access and the security features. Of nearly 3000 members that have registered, over 1100 have already confirmed their acceptance of the disclaimer recently added. The addition of the disclaimer was primarily motivated by the availability of the Automatic translation and Search Index facilities. The Indexed search has been used about 350 times since January 2003 and the Automatic Translation nearly 1000 times.

We have recently added a facility for users to provide input for the enhancement of our actuarial custom dictionary. The medium term objective is to have a few specialized actuarial dictionaries in addition to the basic general actuarial dictionary. That would allow fine tuning translations of technical terms or expressions in accordance with the areas of practice. The user could select which primary special dictionary that would take precedence over the general actuarial dictionary, which in turn takes precedence over other dictionaries. We believe that the most important user's contributions can be in the form of expressions where the translation as isolated words does not work too well. Your contributions are not only welcome but also solicited.

We have noted an increase in the use of the discussion forum by the Sections and Committees, which is decreasing the number of email addressed to lists of addressees. This is a more efficient approach and we encourage chairpersons to promote this practice.

Secretariat

We have introduced a new procedure for the agenda regrouping a number of motions under a "Consent agenda". We likely have to go through a learning curve to make the best use of it but we hope the experience will be producing positive results. The objective is to free up more Council time for discussion of selected items and for strategic exchanges. We like to point out that we will move item from the consent agenda to the business agenda if requested to do so after the initial publication until the last posting 30 days before the meeting.

In combination with the new rules allowing more flexibility for posting the agenda, we hope this will result in a greater productivity of our Committees and our Council meetings. It should also facilitate the work of the Secretariat that is continuously on the increase. This year in particular there has been more work in support of section activities, in particular support to the creation of new sections.

Katy Martin that you had the opportunity to meet here in Berlin will increase her workweek in response to our greater needs. . One of her major responsibility is the support to Committees regarding the preparation of responses or submissions, including the ballot process. Just to give you a feel for the volume of activity let me mention that since last May there have been 7 ballots conducted plus one pending. Six potential submissions and one response are in the work:

Ballots since May:

1. EU Solvency II
2. IASB Exposure Draft on Accounting for Business Combinations: IAS 36 Impairment of Assets, IAS 38 Intangible Assets, and ED 3 Business Combinations
3. IAIS Revision to Insurance Core Principles and Methodology
4. IAIS Draft Standard on Disclosures re Technical Performance & Risks for Non-Life Insurers and Reinsurers
5. IAIS Draft Standard on Supervision of Reinsurers
6. IAIS Stress Testing
7. IASB Exposure Draft 5: Insurance Contracts (ongoing, due date January 31, 2004)

Upcoming ballots:

1. IAASB Proposed Revised International Standard on Auditing 240: The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements (draft response in preparation, comments due November 14, 2003)

Possible submissions being considered:

1. IASB
 - a) Exposure Draft 4: Disposal of Non-Current Assets and Presentation of Discontinued Operations (due October 24)
 - b) Exposure Draft on macro-hedging: Proposed Amendments to IAS 39, Financial Instruments: Recognition and Measurement (due November 14)
 - c) Guidance regarding methods for determining the fair value of financial instruments (Initiated by Subcommittee on Actuarial Standards)
2. IASCF (International Accounting Standards Committee Foundation)
 - a) Identifying Issues for the IASC Foundation Constitution Review (due February 11, 2004)
3. FSA (Financial Services Authority)
 - a) Enhanced capital requirements and individual capital assessments for non-life insurers CP190 (due November 30, 2003)
 - b) Enhanced capital requirements and individual capital assessments for life insurers CP195 (due November 30, 2003)

Informal response:

1. OECD (Organisation for Economic Co-operation and Development)
Working Party on Private Pensions: Occupational Pensions Core Principles and
Methodology (Pensions & Employee Benefits Chairman responded July 30, 2003)

We believe the current procedure is unsatisfactory on many counts. It is a high burden on the Secretariat and on the member associations. However it does not satisfies our counterparts who are confused when receiving multiple submissions and would prefer a more timely response.

Looking at the experience it appears that we could reverse the approach and presume that a text prepared by the proper committee that has been posted for an agreed number of days and has not generated significant objections is deemed approved and can be submitted on behalf of the IAA.

Our intention is to propose an amendment to our rules for adoption at the next Council meeting in Stockholm. The Nominations Committee has charged Mo Chambers to develop such amendment. Your comments and suggestions will be most useful now and in the coming weeks, well ahead of 90 days before Stockholm.

4th China Actuarial Congress

I had the opportunity to represent the IAA at the request of the President and address the 4th Actuarial Congress in Chengdu, Sichuan, China. The Society of Actuaries of China, formally created in July 2001 is showing a very dynamic growth. The Congress was well attended by actuaries from China, Taiwan, Hong Kong and neighboring countries as well as by representatives of Government, the media and the Academic institutions involved in the education of actuaries. The vice-chairman, of the China Insurance Regulatory Commission, Mr. Wei was a guest speaker. The CIRC is the government body responsible for the governance of the SAC. I presented gifts to the CIRC and to the SAC on behalf of the IAA. Private discussions focused on the possibility of the SAC joining the IAA as an Associate member in the near future.

Budget for 2004

We have a motion on the agenda to adopt the budget for 2004 which includes a dues increase to CAD\$ 7,50 as approved by the Council on October 2001. Despite that increase the budget shows a deficit of nearly \$45 000 which is balanced by a proposed transfer of \$45 000 from the Internally restricted Fund. As this Fund is not unlimited, it is to be anticipated that the continued increase in the level of activities will need to be supported by an increase in dues beyond the currently approved \$7,50. This year's increase was the last year of the triennial dues increase adopted in 2001. I believe we should look forward to further increases for 2005 to 2007. As a reference, let me point out that the projected deficit for 2004 already correspond to about \$1 per Fully Qualified Actuary.

Auditors for 2004

Another motion is for the approval of the firm of Watson Folkins Corey LLP as the IAA auditors for 2004. I would like to point out that this is not in reality a change of auditors but a change of name as our auditor became associated with another firm. We are quite

satisfied with the services received and so is the CIA that has adopted a similar motion.

Service Agreement with the Canadian Institute of Actuaries

Another motion on the agenda is for the adoption of the Service Agreement with the Canadian Institute of Actuaries as announced in Sydney. This Agreement is confirming the current practices and does not entail changes in the way we function. It adds more specific provisions in case of termination.

Expense Reimbursement Policy

The last motion is for the amendment to the expense reimbursement policy to clarify the responsibility for appointment and also to recognize that actuarial organizations should be included in the list of eligible entities under the reimbursement policy.

The IAA Modifies its Statutes

Replacing the second paragraph of Article 10

Convening notices indicating the venue and date with detailed agenda, including motions on matters requiring decision, must be sent to Delegates of the Council 60 days in advance of the meeting, except for approval of decisions requiring four-fifths super-majority votes which shall require a 90-day notice, unless the Council, by ballot with 60-day notice, has acted to exclude defined categories of motions, or to shorten the time period of notice for a specific future meeting or ballot.

Motions already on the agenda 60 days in advance can be modified upon recommendation of the relevant Committee up to 30 days prior to the Council meeting. Notice of non-substantive amendment proposals may be given anytime up to the time of the meeting. The Secretariat shall make available at the meeting a document indicating clearly the modifications introduced after the posting of the 60-day agenda.

Replacing the last paragraph of Article 12

Decisions shall only be taken on items listed on the agenda. A motion, duly seconded, requesting that an amendment to an item previously posted on the 60-day agenda be carried to the next meeting's agenda for vote or put to a follow-up electronic vote will be automatically accepted by the chairperson.

The IAA Now Has 6 Sections

At its meeting on May 17, 2003 in Sydney, Australia, the Council voted in favour of creating a section on Health (IAAHS). You can read more about this new section, sign up for membership and register for its upcoming conference in Dresden, Germany, April 27-29, 2004, on the [IAA website](#) under the Health button.

On November 25, 2003, at its meeting in Berlin, Germany, the Council adopted motions approving two new sections for the IAA: Pensions, Benefits and Social Security (PBSS) and Actuaries Without Frontiers (AWF). Announcements providing details of these new sections will be sent shortly.

Changes to Committee Terms of Reference

Accreditation Committee

To examine applications for membership, review membership requirements, and to bring recommendations forward to Council on a timely basis, including specific situations where members do not maintain compliance with the requirements of membership.

Education Committee

1. To determine whether the education system for a particular association or programme meets the standards set down in the IAA Education Guidelines.
2. To work with the Accreditation Committee to establish a process for membership applications.
3. To undertake a formal periodic review of the IAA syllabus guidelines at least every three years and to deliver a formal report to IAA Council on this periodic review.
4. To facilitate developments in the globalization of education systems leading to common syllabuses and common assessments.
5. To maintain a database on the situation in respect of the education guidelines for each member association.
6. To provide a consultative forum for associations developing their education system.
7. In order to encourage the development of internationally oriented actuaries, to consider arrangements for the build-up of a database, accessible to member associations, of examples in particular countries of extensions of actuarial practice beyond the basic IAA education guidelines, with particular reference to continuing professional development (CPD) requirements.
8. To recommend arrangements to facilitate the exchange of information about CPD opportunities available in countries of member associations.

Social Security Committee

- To seek to reflect the views of the worldwide actuarial community, as expressed by the member associations of the IAA, in discussions and debates at the international level on social security issues.
- To support actuaries working in the social security field by, inter alia, developing actuarial guidance and promoting best practice.
- To raise the profile of the actuarial role in relation to social security organizations.
- To promote the public interest through the role actuaries can play in social security.
- To coordinate as needed with the Committee on Pensions and Employee Benefits.
- To liaise with the International Social Security Association (ISSA) and other relevant organizations on matters of mutual interest.

Strategic Planning Task Force of the Executive Committee

To advance the strategic planning process and to draft a Strategic Plan by June 2004 for consideration by the Executive Committee.

Working Party on Insurer Solvency Assessment

The Council disbanded the Insurer Solvency Assessment Working Party of the Committee on Insurance Regulation effective April 1, 2004; and expressed its gratitude to the members of the Working Party for the tremendous amount of time they dedicated to this work.

Solvency Subcommittee of the Committee on Insurance Regulation (effective April 1, 2004)

1. To continue the work of the IAA in the area of solvency and risk assessment of insurers.
2. To be a point of contact for IAIS (International Association of Insurance Supervisors) efforts in solvency and risk assessment.
3. To coordinate related projects with various actuarial associations interested in this area.

Appointments to Committee Leadership Positions and Other Appointments Recommended by the Nominations Committee

Carla Angela, Co-Vice-Chairperson, Education Committee
 Kin-Chung Chan, Chairperson, China Subcommittee of the Committee on Advice and Assistance
 Tony Coleman, Vice-Chairperson, Committee on Financial Risks
 Paul Grace, Co-Vice-Chairperson, Education Committee
 Luis Huerta, Vice-Chairperson, Nominations Committee
 Esko Kivisaari, Vice-Chairperson, Committee on Pensions and Employee Benefits
 W. James MacGinnitie, Chairperson, Nominations Committee
 Philippe Maeder, Vice-Chairperson, Committee on Supranational Relations
 Hillevi Mannonen, Delegate to IAAHS (Health Section)
 Paul McCrossan, Co-Vice-Chairperson, Committee on Insurance Accounting
 Ibrahim Muhanna, Vice-Chairperson, Committee on Advice and Assistance
 Francis Ruygt, Co-Vice-Chairperson, Committee on Insurance Accounting
 Paul Thornton, Chairperson, Committee on Pensions and Employee Benefits (for a 1-year term)
 Henk van Broekhoven, Vice-Chairperson, Solvency Subcommittee of the Committee on Insurance Regulation
 Simon van Vuure, Vice-Chairperson, Professionalism Committee
 Stuart Wason, Chairperson, Solvency Subcommittee of the Committee on Insurance Regulation

Appointments Recommended by the Nominations Committee

David Hartman, Member, Nominations Committee
 David Kingston, Member, Nominations Committee
 Edward J. Levay, Member, Nominations Committee (for a 1-year term)
 Helen Martin, Member, Nominations Committee
 Desmond Smith, Member, Committee on Services to Individual Members
 Stuart Wason, Member, Nominations Committee

The officers, Section chairmen and committee chairpersons were appointed as members of the Executive Committee for 2004

Appointments of Association Delegates to Committees

Accreditation

Gaida Pettere, Latvijas Aktuaru Asociacija (Latvia)

Actuarial Standards (Subcommittee)

Mark Freedman, Society of Actuaries (US) (to replace Richard Robertson)

Kurt Lambrechts, Association Royale des Actuaire Belges (Belgium) (to replace Gerard Vandenbosch)

Nithiarani Rajasingham, Singapore Actuarial Society

Advice and Assistance

Stuart Leckie, Actuarial Society of Hong Kong

Janina Slawski, Actuarial Society of South Africa (to replace Joubert Ferreira)

Irina Voronova, Latvijas Aktuaru Asociacija (Latvia)

Education

Ron J.C. Hersmis Het Actuarieel Genootschap (Netherlands)

Gaida Pettere, Latvijas Aktuaru Asociacija (Latvia)

Matija Senk, Slovensko Aktuarsko Drustvo (Slovenia)

Financial Risks

Charles Gilbert, Canadian Institute of Actuaries (to replace Charles Hill), Society of Actuaries (US) (to replace Stuart Wason)

Kah Siang Khoo, Singapore Actuarial Society

Peter Nowell, Institute of Actuaries (U.K.)

Elina Tilta, Latvijas Aktuaru Asociacija (Latvia)

Insurance Accounting

Mark Freedman, Society of Actuaries (U.S.)

Kurt Lambrechts, Association Royale des Actuaire Belges (Belgium) (to replace Gerard Vandenbosch)

Kristine Lomanovska, Latvijas Aktuaru Asociacija (Latvia)

W. Paul McCrossan, Canadian Institute of Actuaries (to replace Morris W. Chambers)

Nithiarani Rajasingham, Singapore Actuarial Society

David Stevenson, Faculty of Actuaries (U.K.) (to replace Craig Murison)

Insurance Regulation

David G. Hartman, Casualty Actuarial Society (U.S.)

Toshihiro Kawano, Institute of Actuaries of Japan (to replace Ryoichi Nakamura)

Dina Mikelsone, Latvijas Aktuaru Asociacija (Latvia)

Stuart Wason, Society of Actuaries (US) (to replace Robert Wilcox)

Pensions and Employee Benefits

Josef Lukasek, Ceská Spolecnost Aktuárù (Czech Republic)

Ieva Ose, Latvijas Aktuaru Asociacija (Latvia)

Neil Parmenter, Society of Actuaries (U.S.)

J. Stewart Ritchie, Faculty of Actuaries (U.K.)

Professionalism

Andris Barlots, Latvijas Aktuaru Asociacija (Latvia)
 Michael Codron, Actuarial Society of South Africa (to replace Paul Truyens)
 Jean-Louis Massé, Canadian Institute of Actuaries (to replace David Brown)
 John Narvell, Casualty Actuarial Society (U.S.) (to replace Bob Anker)
 Neil Parmenter, Society of Actuaries (U.S.) (to replace Howard Bolnick)
 Roland van den Brink, Actuarieel Genootschap (Netherlands)

Reinsurance (Subcommittee of the Committee on Insurance Regulation)

Yasuhide Fujii, Institute of Actuaries of Japan

Social Security

Hiroshi Abe, Institute of Actuaries of Japan and Japanese Society of Certified Pension Actuaries (to replace Reiji Murayama)
 Janis Bokans, Latvijas Aktuaru Asociacija (Latvia)
 David Brown, Canadian Institute of Actuaries
 Richard Madden, Institute of Actuaries of Australia
 Mary Frances Miller, Casualty Actuarial Society (U.S.)

Supranational Relations

Andris Barlots, Latvijas Aktuaru Asociacija (Latvia)
 Stuart Wason, Canadian Institute of Actuaries (to replace Donald McIsaac)

Council Recognizes Past Committee Chairpersons

The Council presented the following individuals, who were present at the Council meeting on November 25, with a commemorative plaque recognizing their years of dedication as chairperson of a committee, subcommittee or section of the IAA.

Mo Chambers, Accreditation Committee, 1998-2000
 Catherine Prime, China Subcommittee, 2003
 Edward J. Levay, ASTIN Section, 1997-2003
 Chris Daykin, Professionalism Committee, 1999-2002

These four individuals represent but a fraction of the many actuaries who dedicate much effort and time at the leadership of an IAA entity. These individuals will be recognized as they attend future meetings.

You can read the [criteria and process](#) for the recognition of outgoing chairpersons online.

Presentations by New Member Associations: Singapore and Latvia**Sweden Invites Delegates to Meet in Stockholm in June 2005**

WHAT'S IN THE NEWS

Former IFAA President, Walter S. Rugland Named 2003 Jarvis Farley Service Award Recipient by the American Academy of Actuaries

WASHINGTON, D.C. – November 4, 2003-Honoring more than 30 years of service to the actuarial profession, Walter S. Rugland became the 12th recipient of the Jarvis Farley Service Award. The award was presented to him in a ceremony at the American Academy of Actuaries' Annual Meeting in Orlando, Fla., on October 27.

A resident of Appleton, Wis., Rugland joined the Academy in 1968 and has served as a volunteer in numerous capacities. Since the early 1970s, he served as secretary, vice president, a member of the board of directors, and chairperson of the Committee to Study the Requirements of Professionalism, which evolved into the Committee on Qualifications. In addition to his many roles at the Academy, he served as president of the Society of Actuaries. His father, Walter L. Rugland, was the Academy's 5th president.

As chairman of the Committee of Qualifications he became involved in setting professional standards for actuaries. He helped launch the Actuarial Standards Board (ASB), established in 1988, as the single board promulgating standards of practice for the entire actuarial profession in the United States. The ASB was founded with the sole authority to develop, obtain comment upon, revise, and adopt standards of practice for the actuarial profession. Rugland was involved also in restructuring the International Actuarial Association and developing international qualification standards. He was awarded an honorary fellowship by the British Institute of Actuaries and by the Scottish Faculty of Actuaries. He is a member of the American Academy of Actuaries and a fellow of the SOA.

A graduate of the Luther College in Decorah, Iowa, and the University of Michigan graduate school in Ann Arbor, Rugland started his actuarial career at Connecticut General Life (now CIGNA). He spent most of his career at Milliman and Robertson (now Milliman USA) and retired in 1998. After retirement, he became chief operating officer of the Aid Association for Lutherans in Appleton, Wis. He retired from the association in 2002.

The Jarvis Farley Award was established in 1991 in honor of Jarvis Farley, one of the Academy's charter members. Farley was a respected role model in the actuarial profession who gave tireless effort to the Academy. The Academy presents the award annually to an individual who continues Farley's spirit of volunteer service to the actuarial profession.

American Academy of Actuaries Releases Statement on Standard & Poor's "Study" on Insurance Actuaries "Fundamentally Flawed"

Both Errors and Misstatements Regarding Actuaries Found Throughout Paper

(Washington, D.C. - November 21, 2003) A short report titled "Insurance Actuaries: A Crisis of Credibility," recently released by Standard & Poor's is "fundamentally flawed" according to Rade Musulin, a spokesperson for the American Academy of Actuaries. "This study is not about actuaries or reserving for property and casualty insurers. It is an obvious attempt to explain away the errors some analysts have made in estimating property/casualty insurers' earnings," said Musulin. Other points he raised include:

1. In calling actuarial estimates "wildly inaccurate," and stating that "reserve shortfalls don't just happen overnight," S&P displays a clear misunderstanding of reserve estimates as well as the nature of risk and uncertainty. During the last few years the country has faced unprecedented volatility in the property/casualty market. "There are huge challenges in writing reserve opinions that consider all of the real and potential factors, much less unimaginable events such as Sept. 11, that impact the amount of payments from a reserve fund over decades," said Musulin. "Actuaries have estimated reserves within reasonable ranges," Musulin said, "but recent adverse events have caused losses that exceeded reasonable expectations. That alone is not a reason to accuse actuaries or their companies of 'naivete or knavery.'" He added that, "Fraud should not be inferred from misfortune, but that is exactly what the authors are trying to suggest."
2. The authors are incorrect when they say actuaries practice "without penalty" if their opinions are egregiously wrong. Actuaries practice under a Code of Professional Conduct and follow rigorous Actuarial Standards of Practice, facing severe penalties for professional misconduct, including poor practice.
3. While touting its own "financial modeling techniques," S&P provides little data to support its conclusions. "It's impossible to tell from the study what evidence S&P can produce to support its claims," Musulin said. "We would welcome the opportunity to review their processes and findings with them."

Musulin concludes that the report takes a shortsighted perspective on the long-term challenges of reserving. "It's wrong, misleading, and unfair to their readers," he said. Academy spokespersons are available for comment. The Academy offices are open 9 a.m. -5 p.m. EST. Further information can be found on the Academy website at www.actuary.org.

HOW TO BECOME INVOLVED IN THE WORK OF THE IAA COMMITTEES

Delegates to the various IAA Committees are appointed by Council on the recommendation of the Council Delegate or Correspondent of a Full Member association seeking representation on a particular committee. All committee delegates must represent a Full Member association of the IAA. Individuals can apply as an interested party, however, this request must be made by the individual concerned. If a third person thinks an individual could be an interested party, they should communicate with the person suggesting they submit such a request.

Looking for Members for the Solvency Subcommittee

At its meeting on November 25, 2003, the Council of the IAA approved the creation of the Solvency Subcommittee of the Committee on Insurance Regulation, effective April 1, 2004, with the following terms of reference:

1. To continue the work of the IAA in the area of solvency and risk assessment of insurers.
2. To be a point of contact for IAIS (International Association of Insurance Supervisors) efforts in solvency and risk assessment.
3. To coordinate related projects with various actuarial associations interested in this area.

Stuart Wason was appointed chairperson and Henk van Broekhoven, vice-chairperson.

Full Member associations are invited to nominate a representative to this subcommittee. If your association wishes to appoint a representative, please communicate with the IAA Secretariat (secretariat@actuaries.org) by February 20, 2004.

Please note that the subcommittee plans to hold its first meeting in conjunction with the IAA Council and Committee meetings that will take place in Stockholm from June 3 to 5, 2004.

WHAT IS DUE WHEN?

1st January 2004: IAA Member Association dues, payable before **29 February 2004**

31 January 2004: [Draft Comments on the IASB Exposure Draft ED5 Insurance Contracts](#)

29 February 2004: [Full Member Association Confirmation Form - December 2003](#)

14 March 2004: [Draft Report of the Insurer Solvency Assessment Working Party](#)

IAA EVENTS YOU WON'T WANT TO MISS!

<u>2nd IAAHS Colloquium</u>	April 27-29, 2004 - Dresden, Germany
Financial Risks Seminar	March 23, 2004, London, UK
<u>IAA Council and Committee Meetings</u>	June 3-5, 2004 - Stockholm, Sweden If you plan on attending the meetings, but have not yet registered or made your bedroom reservation, please do so as soon as possible. Details are available online.
<u>XXXVth ASTIN Colloquium</u>	June 6-9, 2004 - Bergen, Norway
<u>IACA, PBSS and IAAust Colloquium</u>	October 31 – November 5, 2004 – Sydney, Australia
<u>XIVth AFIR Colloquium</u>	November 8-10, 2004 – Boston, Massachussets, US
Financial Risks Seminar	November 10, 2004, Boston, Massachussets, US
<u>28th International Congress of Actuaries</u> <i>Pre-registration is now open</i>	May 28 – June 2, 2006 – Paris, France

OTHER EVENTS

February 2-3, 2004, Chatham House, London UK: [The Royal Institute of International Affairs' insurance conference.](#)

February 18-19, 2004, New Delhi, India: [6th Global Congress of Actuaries,](#)

May 20-22, 2004, Québec City – Canada: “Dependence Modelling: Statistical Theory and Applications to Finance and Insurance” (DEMOSTAFI). This conference is a sequel to the series of conferences on copulas, dependence models and their applications that were held in Rome (1990), Seattle (1993), Prague (1996) and Barcelona (2000). The purpose of this conference is to bring together researchers interested in modelling stochastic dependence and measuring its effects in statistics, actuarial science and finance. The meeting aims to attract copula specialists and statistical researchers interested in their development and use in characterizing and modelling of dependence (stochastic orderings, distributions with fixed marginals, etc.). Emphasis will be on applications of the relevant concepts and inferential techniques in the fields of actuarial science and finance, which are thriving at present. The "technological transfer" aspect of the conference will be especially important; for example, several survey talks by world specialists have been planned. For additional information about this meeting, registration material and so on, please visit the conference website at www.fsa.ulaval.ca/demostafi/

April 1-2, 2004, Prague, Czech Republic: Topical Actuarial Issues The Czech Society of Actuaries is organising together with partner actuarial societies from Germany, Switzerland, Austria and Netherlands, an interesting workshop called TOPICAL ACTUARIALS ISSUES. More details can be found at www.actuarialworkshop.org

September 2-4, 2004, Samos, Greece: [3rd Conference in Actuarial Science & Finance](#)

September 10, 2004, München, Germany: [Groupe Consultatif Colloquium](#)